

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 078007
ORIGIN COME-00

INFO OCT-01 EUR-12 ISO-00 EB-08 /021 R

DRAFTED BY COM/OED/MEPD/JPHILBRICK/LW
APPROVED BY EUR/SE:EDSMITH
COM/OED/MEPD/LENGLESON
COM/OED/MEPD/JNRANDOLPH, ACTG. DIR.
STATE/EUR/SE/ESMITH
COM/OIM/ACORRO (INFO)

-----005478 271753Z /47

R 261616Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY ANKARA

LIMITED OFFICIAL USE STATE 078007

E.O. 11652: N/A

TAGS: BENC, TU

SUBJECT: MAJOR PROJECT: NUCLEAR POWER PLANT

REF: (A) STATE 068582; (B) ANKARA 2084

1. IN RESPONSE TO EMBASSY'S REQUEST REFTEL (B)
WESTINGHOUSE HAS PROVIDED FOLLOWING STATEMENT FROM A
PRECIS IT HAS WRITTEN REGARDING TURKEY'S NUCLEAR POWER
PLANT.

QUOTE: ONE PROBLEM FOR AMERICAN SUPPLIERS, WHICH APPLIES
BOTH TO THIS PROJECT AND MANY OTHERS, IS THE REQUIREMENT
THAT BOTH BID AND PERFORMANCE BONDS BE IN THE FORM OF BANK
GUARANTEES. IT IS THE PRACTICE IN THE UNITED STATES TO
ISSUE SURETY BONDS RATHER THAN BANK GUARANTEES FOR THIS
PURPOSE. A SURETY BOND WAS ACCEPTED IN A PREVIOUS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 078007

WESTINGHOUSE CONTRACT FOR A CONVENTIONAL POWER PLANT AT
AMBARLI. HOWEVER, THIS ACCEPTANCE DOES NOT SEEM TO HAVE
ESTABLISHED A PRECEDENT. SURETY BONDS BRING TO BEAR ON THE
PERFORMANCE OF A CONTRACT THE FINANCIAL RESOURCES OF NOT
ONLY THE PROJECT SUPPLIER BUT ALSO THOSE OF THE SURETY
COMPANY, WHICH THEREFORE TAKES AN ACTIVE ROLE IN ASSURING
SATISFACTORY EXECUTION OF THE CONTRACT. THE SURETY COMPANY

ONLY ISSUES ITS BOND AFTER IT REVIEWS THE CAPABILITY OF
THE SUPPLIER AND THE FEASIBILITY OF THE PROJECT.
REGARDING THE USE OF BANK GUARANTEES, U.S. BANKING
REGULATIONS COUNT SUCH GUARANTEES AGAINST BOTH THE

BANK'S LENDING LIMIT AND THE BORROWING POWER OF THE
SUPPLIER. SUCH COSTLY PENALTIES MUST BE REFLECTED IN THE
PRICE QUOTED TO THE CUSTOMER; SURETY BONDS ARE NOT
SIMILARLY RESTRICTED AND THEIR LOWER COST IS PASSED ALONG

BY THE SUPPLIER TO THE CUSTOMER. IT IS FELT THAT TEK AND
OTHER TURKISH CUSTOMERS WOULD BENEFIT FROM AN ACCEPTANCE
OF SURETY BONDS, EVEN IF SUCH ACCEPTANCE NECESSITATES A
MODIFICATION OF GOVERNMENT PURCHASING AND FINANCING
REGULATIONS. UNQUOTE.

2. HOPE THIS MATERIAL WILL ENABLE EMBASSY TO APPROACH
TURKISH AUTHORITIES AND PROMOTE THE USE OF SURETY BOND
RATHER THAN BANK GUARANTEE. VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 26 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE078007
Document Source: CORE
Document Unique ID: 00
Drafter: OED/MEPD/JPHILBRICK/LW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780133-0073
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780324/aaaaatuu.tel
Line Count: 82
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b2ca12bd-c288-dd11-92da-001cc4696bcc
Office: ORIGIN COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 68582, 78 ANKARA 2084
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3199982
Secure: OPEN
Status: NATIVE
Subject: MAJOR PROJECT: NUCLEAR POWER PLANT
TAGS: BENC, TU
To: ANKARA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/b2ca12bd-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014